



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

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California Department of Corporations Announces Final Distribution of Funds to Customers Harmed by The Escrow Source, Inc.

SACRAMENTO --- The California Department of Corporations announced today that customers financially injured by the escrow service company, The Escrow Source, Inc., that operated out of Palm Desert, will receive final distribution of funds this week.

The final distribution is a result of the conservator's settlement agreement in the amount of \$450,000 with Escrow Agent's Fidelity Corporation (EAFC), a company that insures certain losses incurred by independent escrow agents.

The total amount of funds to be returned to approximately 700 customers of The Escrow Source, Inc. is \$3.7 million. This represents 95.2 percent of the total amount owed by The Escrow Source, Inc. to its customers.

The Department of Corporations issued orders freezing trust accounts and taking possession of The Escrow Source, Inc. and appointing a conservator on June 23, 2003. The action was taken after an examination found the company had grossly mismanaged its books and accounting records. In an effort to advance the process without using trust funds to cover expenses and to preserve funds for customers, the Department chose to take over the conservator role in October 2003. Louisa A. Broudy, Assistant Commissioner of the Financial Services Division was named conservator in October 2003. The trust fund was reconciled in December 2003 and a claims process was initiated.

The Department of Corporations is California's Investment and Financing Authority, reporting to the Business, Transportation and Housing Agency and the Governor. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, see the Department's Web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).